

REBUTTAL TESTIMONY

of

**Richard W. Bridal II
Accountant**

**Accounting Department
Financial Analysis Division
Illinois Commerce Commission**

**Reconciliation of Revenues Collected under Riders EOA with the Actual
Costs Associated with Energy Efficiency and On-Bill Financing Programs**

**North Shore Gas Company and
The Peoples Gas Light and Coke Company**

Docket No. 15-0549

October 12, 2016

TABLE OF CONTENTS

Witness Identification	1
Scrivener's Errors	2
Update to Staff Recommendations	3
Conclusion	7

SCHEDULES

Schedules 3.01 N and P Rider EOA – Residential Energy Efficiency
Reconciliation Adjustment Service Classification No. 1

Schedules 3.02 N and P Rider EOA – Residential Energy Efficiency
Reconciliation Adjustment Service Classification No. 2

Schedule 3.03 N Rider EOA – Commercial and Industrial Energy
Efficiency Reconciliation Adjustment Service Classification Nos. 2, 4, 5
and 7

Schedule 3.03 P Rider EOA – Commercial and Industrial Energy
Efficiency Reconciliation Adjustment Service Classification Nos. 2, 4, 5, 7
and 8

Schedules 3.04 N and P Rider EOA – On-Bill Financing Reconciliation
Adjustment Service Classification No. 1

Schedule 3.05 P Rider EOA – On-Bill Financing Reconciliation
Adjustment Service Classification No. 2

1 **Witness Identification**

2 **Q. Please state your name and business address.**

3 A. My name is Richard W. Bridal II. My business address is 527 East Capitol
4 Avenue, Springfield, Illinois 62701.

5 **Q. Have you previously testified in this proceeding?**

6 A. Yes. My direct testimony was filed on August 18, 2016, and is identified
7 as ICC Staff Exhibit 1.0.

8 **Q. What is the purpose of your rebuttal testimony in this proceeding?**

9 A. The purpose of my rebuttal testimony is to respond to the rebuttal
10 testimony of North Shore Gas Company's ("North Shore") and The
11 Peoples Gas Light and Coke Company's ("Peoples Gas") (individually, the
12 "Company" and collectively, the "Companies") witness Ms. Hosty, NS-PGL
13 Exhibit 3.0. My rebuttal testimony (1) sets forth corrections to certain
14 scrivener's errors; (2) amends my recommendation to implement the
15 Factor O ordered adjustments; and (3) provides additional context and
16 rationale regarding the nexus between the language changes and the
17 timing of the Companies' tariff filings under Rider EOA which conveys a
18 greater understanding of the operation of the tariff and related
19 informational filings.

20 **Q. Are you sponsoring any schedules as part of your rebuttal**
21 **testimony?**

22 A. Yes. I prepared the following schedules, which show data as of, or for the
23 PY 4 reconciliation period:
24 Schedules 3.01 N and P Rider EOA – Residential Energy Efficiency
25 Reconciliation Adjustment Service Classification No. 1
26 Schedules 3.02 N and P Rider EOA – Residential Energy Efficiency
27 Reconciliation Adjustment Service Classification No. 2
28 Schedule 3.03 N Rider EOA – Commercial and Industrial Energy
29 Efficiency Reconciliation Adjustment Service Classification Nos. 2, 4, 5
30 and 7
31 Schedule 3.03 P Rider EOA – Commercial and Industrial Energy
32 Efficiency Reconciliation Adjustment Service Classification Nos. 2, 4, 5, 7
33 and 8
34 Schedules 3.04 N and P Rider EOA – On-Bill Financing Reconciliation
35 Adjustment Service Classification No. 1
36 Schedule 3.05 P Rider EOA – On-Bill Financing Reconciliation
37 Adjustment Service Classification No. 2

38 **Q. Please explain the N and P suffixes that appear with your schedule**
39 **numbers.**

40 A. These suffixes indicate the Company to which a particular schedule
41 applies. The N suffix identifies a schedule that applies to North Shore,
42 and the P suffix identifies a schedule that applies to Peoples Gas.

43 **Scrivener's Errors**

44 **Q. Ms. Hosty states that in your direct testimony, you discussed the**
45 **disposition of the North Shore PY3 Factor O adjustments, but**
46 **omitted discussion of the Peoples Gas PY3 Factor O adjustment.**
47 **(NS-PGL Ex. 3.0, 2.) Please respond.**

48 A. Ms. Hosty is correct. My direct testimony Lines 74-80 referred to North
49 Shore Gas and inadvertently did not discuss Peoples Gas' PY3 Factor O
50 adjustment. To be clear, North Shore and Peoples Gas correctly included
51 their respective PY 3 Factor O adjustments in their respective
52 Reconciliation Adjustment calculations for the fifth program year ("PY 5").
53 The Reconciliation Adjustments for each Company for PY 5 were filed on
54 August 30, 2016, and became effective for the nine month period
55 beginning September 1, 2016.

56 **Q. Ms. Hosty also observes certain scrivener's errors within your direct**
57 **testimony schedules. (NS-PGL Ex. 3.0, 2-3.) Have you addressed**
58 **those errors in your rebuttal testimony schedules?**

59 A. Yes. The rebuttal testimony schedules identified above incorporate
60 changes to address the scrivener's errors noted in Ms. Hosty's rebuttal
61 testimony. However, these changes do not impact the recommended
62 Factor O amounts set forth in my schedules.

63 **Update to Staff Recommendations**

64 **Q. Ms. Hosty explains that the Companies disagree with your**
65 **recommendation to implement the Factor O ordered adjustments in**
66 **the Companies' first filing following the date of the final Order in this**
67 **proceeding. Alternatively, Ms. Hosty suggests that the Companies**
68 **include the Factor O adjustments in their next Reconciliation**

69 **Adjustment filing following the final Order. (NS-PGL Ex. 3.0, 3.)**

70 **Please respond.**

71 A. I agree with the Companies' alternative proposal, and have revised my
72 recommendation on this issue.

73 In accordance with Section 8-104 and 19-140 of the Public Utilities Act, the
74 Companies each filed tariffs to implement Rider EOA – Energy Efficiency
75 and On-Bill Financing Adjustment. For North Shore, ILL. C. C. No. 17, Fifth
76 Revised Sheets No. 140-145 implement and govern the operation Rider
77 EOA. For Peoples Gas, ILL. C. C. No. 28, Fifth Revised Sheets No. 156-
78 161 implement and govern the operation of Rider EOA. The Rider EOA
79 tariff language of each company mirror one another.

80 For each company Rider EOA states, regarding the filing of the Effective
81 Component, "The Company shall file annually with the Commission, no later
82 than [...] May 20 [...] a report showing the determination of the Effective
83 Component to be in effect during the Program Year." (North Shore, ILL. C.
84 C. No. 17, Fifth Revised Sheet No. 144; Peoples Gas, ILL. C. C. No. 28,
85 Fifth Revised Sheet No. 160.) The tariffs specify the inputs to the Effective
86 Component; the Reconciliation Adjustment is not identified as an input to
87 the Effective Component. Further, Rider EOA for each Company states,
88 regarding the filing of the Reconciliation Adjustment, "Commencing in 2012,
89 the Commission shall annually initiate a review to reconcile any amounts

90 billed in the Previous Program Year with the actual costs. The Company
91 shall file the reconciliation and reconciliation adjustments annually with the
92 Commission no later than August 31.” (North Shore, ILL. C. C. No. 17, Fifth
93 Revised Sheet No. 145; Peoples Gas, ILL. C. C. No. 28, Fifth Revised Sheet
94 No. 156-161.) As such, there are two annual filings required under Rider
95 EOA for each company: (1) the Rider EOA Effective Component which is
96 required to be filed no later than May 20 and, by definition, does not include
97 the Reconciliation Adjustment; and (2) the Rider EOA Reconciliation
98 Adjustment which is required to be filed no later than August 31.

99 My recommendation in direct testimony called for the Factor O adjustments
100 resulting from this proceeding to be reflected in the Companies’ first filing
101 following the date of the Order in this docket. However, as discussed
102 above, the Companies’ Rider EOA tariffs provide for two annual filings, only
103 one of which includes the Reconciliation Adjustment. It is possible that the
104 first filing following the date of the Order in this docket could be for the
105 Effective Component which, per the governing tariff, does not include the
106 Reconciliation Adjustment. In that case, the Commission Order would
107 contradict the governing tariff. To avoid that potential contradiction and to
108 conform with the tariff, my rebuttal testimony includes a revised
109 recommendation – as suggested by the Companies – which calls for the
110 Factor O adjustments resulting from this proceeding to be reflected in the

111 Companies' first Reconciliation Adjustment filing following the date of the
112 final Order. My updated recommendation follows.

113 I recommend that the Commission adopt the following reconciliation
114 schedules and attach the indicated schedules as an Appendix to the Final
115 Order in these proceedings:

116 Schedules 3.01 N and P Rider EOA – Residential Energy
117 Efficiency Reconciliation Adjustment Service Classification No. 1

118 Schedules 3.02 N and P Rider EOA – Residential Energy
119 Efficiency Reconciliation Adjustment Service Classification No. 2

120 Schedule 3.03 N Rider EOA – Commercial and Industrial
121 Energy Efficiency Reconciliation Adjustment Service Classification
122 Nos. 2, 3 and 4

123 Schedule 3.03 P Rider EOA – Commercial and Industrial
124 Energy Efficiency Reconciliation Adjustment Service Classification
125 Nos. 2, 4, 5, 7 and 8

126 Schedules 3.04 N and P Rider EOA – On-Bill Financing
127 Reconciliation Adjustment Service Classification No. 1

128 Schedule 3.05 P Rider EOA – On-Bill Financing
129 Reconciliation Adjustment Service Classification No. 2

130 I also recommend that the Commission adopt the proposed adjustments
131 reflected in Staff's reconciliation schedules. The following resulting Factor
132 O Ordered adjustments should be reflected in the Companies' first
133 Reconciliation Adjustment filing following the date of the final Order in this
134 docket:

135 - North Shore Service Classification No. 1 - collection of \$8,394 as
136 reflected on Schedule 3.01N;

- 137 - North Shore Service Classification No. 2 (RES) - refund of \$(16,167)
138 as reflected on Schedule 3.02N;
- 139 - North Shore Service Classifications Nos. 2, 4, 5, and 7 - collection of
140 \$4,081 as reflected on Schedule 3.03N;
- 141 - North Shore Service Classification No. 1 (On Bill Financing) -
142 collection of \$7,517 as reflected on Schedule 3.04N;
- 143 - Peoples Gas Service Classification No. 1 - refund of \$(10,963) as
144 reflected on Schedule 3.01P;
- 145 - Peoples Gas Service Classification No. 2 (RES) - collection of
146 \$262,058 as reflected on Schedule 3.02P;
- 147 - Peoples Gas Service Classifications Nos. 2, 4, 5, 7, and 8 - refund of
148 \$(317,062) as reflected on Schedule 3.03P;
- 149 - Peoples Gas Service Classification No. 1 (On Bill Financing) -
150 collection of \$12,922 as reflected on Schedule 3.04P; and
- 151 - Peoples Gas Service Classification No. 2 (On Bill Financing) - collection
152 of \$774 as reflected on Schedule 3.05P.

153 **Conclusion**

154 **Q. Does this conclude your prepared rebuttal testimony?**

155 **A. Yes.**